

Latino Houstonians say they've fallen victim to an alleged Ponzi scheme under SEC investigation

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A group of people who have fallen victim to the alleged crimes of CryptoFX met in front of the Houston Federal Courthouse Wednesday to share their stories and demand justice.

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With the promise of guaranteed returns and first-hand accounts from her grandmother that CryptoFX was legitimate, Iliana Calles entrusted her life savings to the company — which is now being investigated as a Ponzi scheme.

Calles, 25, is left working three jobs and selling her clothes to cope with the loss of her financial safety net and the expenses accompanying her mother's recent cancer diagnosis.

The Securities and Exchange Commission filed an emergency action in September to stop the allegedly fraudulent, unregistered crypto investment company targeting Latino investors.

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The company, CryptoFX, LLC, was founded by Mauricio Chavez and run by Chavez and Giorgio Benvenuto.

"These families were specifically targeted and were asked for money upfront to invest in cryptocurrency. Unfortunately, like I've seen all over the country, this quickly fell apart," said Cesar Espinosa, executive director of FIEL, an immigrant-led civil rights organization.

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The company operated in many locations, Houston among them.

"These families were taken advantage of and they were stolen of their hard-earned money," Espinosa said. "So today, we are here to take a stand and to say 'enough is enough.'"

The SEC contends Chavez held paid classes, saying the lessons were intended to educate and empower the Latino community through crypto-asset trading wealth.

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"They knew how to manipulate people. They knew what groups to go after, and it worked," Calles said.

Chavez had no background or education related to investing or crypto, according to the SEC. Investigators allege the classes were just a way to get investors to give money to CryptoFX, which they then believed Chavez would use for crypto-asset and foreign exchange trading.

Chavez talked up the gains people could expect through talk of outsized investment which he claimed could turn people into millionaires, according to the SEC. The SEC alleges he gave investors false documents overstating his experience with crypto and promised investors they would not see any losses.

"They said, 'The more you give, the more you'll return,'" Calles said.

Chavez' investors took a total of roughly \$12 million by allegedly defrauding more than 5,000 people, according to the SEC. The SEC says the funds were not being used for the intended purposes. The majority of the funds were used to supply fake returns to investors, to personally support his lifestyle and for real estate Chavez and Benvenuto controlled, the SEC maintains.

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Calles' grandma was part of the program for about two years and she saw the money from her investments come back to her.

"These people play the long game," Calles said.

Calles said at first she was hesitant to join but her grandmother's experience made her feel she could trust the group.

After her grandmother saw early success, more family members got on board with CryptoFX. In total, Calles said her family lost more than \$100,000.

"We weren't trusting a stranger, we were trusting our family, our friends, our church members, because they had been in this for a year, two years, three years and they got their (return on) investment," Calles said.

Calles said she did her homework, too. After researching on the Internet, the company appeared legitimate. All the search results were positive stories, she said.

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Gustavo Suarez, founder and CEO of JPG, a firm dedicated to business advisory, noted it can be very tempting to take part in an alleged scheme like this, especially in moments of need.

He said this business preyed on the most vulnerable people.

"I invested all of my life savings," Calles said. "Now, I have to figure out how to pay for things that I wasn't expecting — like my mom's cancer treatment."

Calles said she realized she was not going to get her money back when the CryptoFX office always seemed to be closed when she would visit in an attempt to get her money. She said there were different reasons cited each time, such as maintenance issues, but the office was never open. Eventually she began to encounter other upset investors outside the building, she said.

"If someone approaches you and tells you that you're going to make money without working, that you're gonna make money fast without much effort, that immediately should raise flags," Suarez said.

Benvenuto is alleged to have diverted investor funds to himself and a company, CBT Group, LLC, which was owned by himself and Chavez.

The SEC believes the pair made about \$2.7 million in Ponzi payments and diverted \$8 million for their personal use. Of the \$8 million, \$1.5 million is alleged to have gone to Chavez' cars, credit cards, jewelry, adult entertainment and a house.

The SEC's complaint was filed in the U.S. District Court for the Southern District of Texas. Chavez, Benvenuto and CryptoFX are charged with violating, or aiding and abetting violations of anti-fraud provisions and more.

The SEC has turned to the court, looking to obtain permanent injunctions and civil penalties against the parties, and it hopes to force Chavez and Benventto to give up any profits made from the wrongfully obtained gains.

CryptoFX's assets have been frozen by the court and a temporary restraining order has been placed on its offerings.